



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

October 3, 2011

Rick Havenstrite
Desert Hawk Gold Corporation
1290 Holcomb Ave.
Reno, Nevada 89502

William Moeller
Clifton Mining Company
80 West Canyon Crest Road, Suite D
Alpine, Utah 84004

Subject: Permit to Commence Small Mining Activities, Desert Hawk Gold Corporation, Herat Mine, S/045/0023, Tooele County, Utah

Dear Messrs. Havenstrite and Moeller:

On September 23, 2011, the Director of the Division of Oil, Gas and Mining approved the replacement surety and reclamation contract for the Transfer of Notice of Intention (NOI) for the Herat mine from Clifton Mining to Desert Hawk Gold Corporation. Desert Hawk Gold Corporation is now solely responsible to conduct mining as outlined in the approved NOI. Clifton Mining Company is hereby released from any further reclamation liability under this permit.

On August 22, 2011, the Division received a cash surety in the amount of \$27,800.00 as part of the transfer of the referenced mine from Clifton Mining Company to Desert Hawk Gold Corporation. This bond amount is enough for five acres of disturbance with no facilities.

The Division finds the Herat Notice of Intention to Commence Small Mining Operations (Notice) complete for 2.37 acres of disturbance and approves the reclamation surety for the Herat. The bond submitted allows for 5 acres of disturbance, but as the plan is submitted **only 2.37 acres are permitted**. An addition 2.6 acres of disturbance can be disturbed if a map is submitted with the location and description of the disturbance. Approval from all other appropriate agencies is required. The approval or acceptance of a complete notice of intention does not relieve an operator from his responsibility to comply with the applicable statutes, rules, regulations, and ordinances of all local, state and federal agencies with jurisdiction over any aspect of the operator's mining operations. Enclosed please find a copy of the reclamation contract and stamped approved Notice.



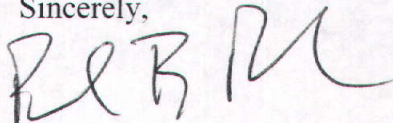
Please keep in mind the following regulatory requirements:

- Stockpiling topsoil material prior to beginning activities will help ensure successful revegetation. Even the first few inches of undeveloped material is worth saving to aid in later revegetation efforts, and future regulatory surety release.
- If you encounter any archaeological or historical items, you are asked to notify this office, and State History of your find.
- Permit fees and annual reports are due by January 31st.

The definition of "on-site" in R647-1-106 says, "A series of related properties under the control of a single operator but separated by small parcels of land controlled by others will be considered a single site unless accepted by the Division." The Herat and Yellow Hammer mines are close enough that they should probably fall within this definition, but the Division is willing to allow them to exist as separate small mines for now. If any other areas are to be mined in this vicinity, the Division will first require the completion of the Kiewit Large Mine Notice of Intention.

The Division's web page at <http://ogm.utah.gov> under the Mining Program has a link to the rules under which you are expected to operate and to other information to assist you in complying with program requirements. Thank you for your cooperation. In reply, please refer to file number S/045/0023. If you have questions or concerns regarding this letter, please contact me at 801-538-5261 or Leslie Heppler at 801-538-5257. Best wishes with your mining venture!

Sincerely,



Paul B. Baker
Minerals Program Manager

PBB:lah:pb

Enclosure: Copy of RC & surety forms

Copy of approved NOI

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